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PRIORITY

FRP:
STAFF

[Redacted]

87 5950197 ASP PAGE 001
TOT: 280347Z AUG 87 DIRECTOR 628078

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BRIEF 280347Z DIRECTOR 628078
TO: PRIORITY EAST ASIA BRIEF.

WNINTEL CIA/CPAS | EAB 87-201 -----

[Redacted]

SUBJECT: EAST ASIA BRIEF OCPAS EA 87-201 FOR 28 AUGUST 1987
FROM: DD1/O/CPAS.
CONTENTS

1. CHINA: COMPETITION FOR ARMS EXPORT PROFITS

CHINA'S MILITARY-RELATED INDUSTRIES APPARENTLY HAVE LOST A BID TO KEEP MORE OF THE PROFITS THEY MAKE FROM ARMS EXPORTS. EARLIER THIS YEAR THEY SOUGHT AN INCREASE IN THEIR 30-PERCENT SHARE, BUT WERE BLOCKED BY THE COMMISSION THAT CONTROLS R&D AND FUNDING OF NEW WEAPON SYSTEMS. THE COMMISSION REPORTEDLY ARGUED THAT, BECAUSE OF THE DECLINING BUDGET FOR MILITARY SPENDING, EXPORT PROFITS HAD TO GO TO WEAPON SYSTEMS IT DEEMS TOP PRIORITY. [Redacted]

COMMENT: THE FAILURE OF MILITARY-RELATED INDUSTRIES TO SECURE A GREATER SHARE OF PROFITS PROBABLY WILL LEAD THEM TO ENGAGE IN MORE AGGRESSIVE OVERSEAS MARKETING TO INCREASE OVERALL EARNINGS. THE INDUSTRIES ARE ALSO SEEKING NEW WAYS TO COVER THE DEVELOPMENT COSTS OF MILITARY EQUIPMENT NOT DESIGNATED TOP PRIORITY BY THE COMMISSION. [Redacted]

2. IN BRIEF

[Redacted]

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OUTGOING MESSAGE
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